IN THE

Supreme Court of the United States

OCTOBER TERM, 1963

No. 411

ALEXANDER R. SURREY and GEORGE Y. LESHER,
Petitioners,

v.

DAVID L. LADD, Commissioner of Patents,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

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INDEX

	Page
Opinion Below	1
Jurisdiction	2
Questions Presented	2
Statute Involved	3
Statement	3
Jurisdiction	7
Reasons for Granting the Writ	10
1. The Question of the Jurisdiction of This Court to Review on a Writ of Certiorari a Decision of the Court of Customs and Patent Appeals in a Patent Case Is an Important Question Which Ought To Be Decided Now	10
2. The Decision Below Has Improperly Decided an Important Question of Federal Law Which Has Not been, but Should Be, Settled by This Court	11
3. The Decision Below Shows a Diversity of Interpretation in Two Different Circuits Which Should Be Resolved	12
4. The Decision Below Has Decided a Federal Question in a Way in Conflict with Applicable Decisions of This Court	13
Conclusion	14
Appendix A (opinion of court below)	1a
Appendix B (related opinion of court below—In re. Druey et al.)	9a

CITATIONS

Cases:	
Druey et al. In re. 319 F. 2d 237. 138 USPQ 39	1, 7
Glidden Co. v. Zdanok. 370 U.S. 530	7
Great A. & P. Tea Co. v. Supermarket Corp., 340 U.S. 147	11, 12

Page

Hoover Co. v. Coe, 325 U.S. 79 9
James v. Campbell, 104 U.S. 356 13
Larsen, In re, 292 F. 2d 531, 130 USPQ 209 11
McBride v. Teeple, 311 U.S. 649 8
Pacific Northwest Canning Co. v. Skookum Packers' Assn., 282 U.S. 858 8
Papesch, In re, 315 F. 2d 381, 137 USPQ 43 6
Parker v. Marzall, 92 F. Supp. 736, 86 USPQ 446 ..... 2, 7, 13
Postum Cereal Co. v. California Fig Nut Co., 272 U.S. 693 ..... 8, 9
Powder Company v. Powder Works, 98 U.S. 126 13
Special Equipment Co. v. Coe, 324 U.S. 370 9
Stewart, In re, 42 CCPA 937, 222 F. 2d 747, 106 USPQ 115 6

STATUTES:

28 U.S.C. Section 211 9
28 U.S.C. Section 293 9
28 U.S.C. Section 1256 ..... 2, 7, 10
35 U.S.C. Section 103 ..... 2, 3, 4, 5, 11, 12
35 U.S.C. Section 141 12
35 U.S.C. Section 145 12

MISCELLANEOUS:

Gilbert, The Constitutionality of Supreme Court Review of Patent and Trademark Decisions of the Court of Customs and Patent Appeals, 45 Geo. L.J. 645, 48 T.M.R. 8 9

Robertson and Kirkham, Jurisdiction of the Supreme Court of the United States (Wolfson and Kurland ed.) 9

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Petitioners pray that a writ of certiorari issue to review the judgment of the United States Court of Customs and Patent Appeals, entered in the above-entitled case on 1963 June 20.

OPINION BELOW

The opinion of the United States Court of Customs and Patent Appeals is reported at 319 F. 2d 233, 138 USPQ 67 and is reprinted in Appendix A hereto.

The opinion refers to a companion case decided the same day. This companion case, *In re Druey, et al.*, is reported at 319 F. 2d 237, 138 USPQ 39 and is reprinted in Appendix B hereto.

JURISDICTION

The judgment of the Court of Customs and Patent Appeals was entered on June 20, 1963. The jurisdiction of this Court is invoked under 28 U.S.C. Section 1256. See discussion of jurisdiction, p. 7, *infra*.

QUESTIONS PRESENTED

1. Whether the United States Court of Customs and Patent Appeals is the "Supreme Court" on cases arising in the Patent Office and involving patentability questions, or, whether this court has jurisdiction to review, in its discretion on writ of certiorari, a decision of the Court of Customs and Patent Appeals affirming the denial of certain claims by the Patent Office Board of Appeals in an otherwise allowable patent application?

2. Whether the 1952 patent act, in 35 U.S.C. Section 103, made any change in the prior law as to what shall be considered as relevant evidence of patentability of chemical compounds?. The question arises in this manner: There is conflict on the question, between the position of the United States District Court for the District of Columbia, as expressed in 1950 in *Parker v. Marzall*, 92 F. Supp. 736, 86 USPQ 446, and the position of the Court of Customs and Patent Appeals as expressed in 1963 in this case.

3. Whether the invention of a claimed chemical process for preparing an unobvious chemical compound X by reacting known compound A with unknown compound B could be, in view of the prior art, held, "—obvious at the time the invention was made to a person having ordinary skill in the art" under 35 U.S.C. Section 103?

STATUTE INVOLVED

35 U.S.C. Section 103:

> Conditions for patentability; non-obvious subject matter
>
> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

STATEMENT

This proceeding grows out of the rejection by the Patent Office of Claims 10-17 in petitioners' otherwise allowable patent application Serial No. 660,456, filed 1957 May 27, entitled "Aryl N-(Amino-Alkyl)-Carbamates and Their Preparation".

The claims of petitioners application are in three (3) categories: allowed Claims 1-9 directed to chemical compounds being so-called final products. Claims 15-17 directed to novel compounds useful as starting materials, and, Claims 10-14 directed to the process of making such final products using such starting materials.

The Examiner finally rejected starting material Claims 15-17 as unpatentable over Beilstein, 4th ed., vol. 6, page 487 [1923], which discloses a structurally related compound. The Examiner also finally rejected process Claims 10-14 as unpatentable over Cusic U.S.

Patent 2,683,735 which discloses the general type of reaction applied to vaguely "analogous" starting materials. The final rejections of Claims 15-17 and of Claims 10-14 were each affirmed by the Patent Office Board of Appeals and by the majority decision of the Court of Customs and Patent Appeals, one judge dissenting.

The two issues, one involving the process claims and the other involving the starting material (intermediate) products, as presented to and discussed by the Court of Customs and Patent Appeals, are predominantly legal in nature and all technical-chemical aspects are merely incidental. Both issues involve an interpretation of 35 U.S.C. Section 103, which is the section of the Patent Law defining the applicable statutory standard of invention. This section reads, in pertinent part:

> "A patent may not be obtained—if the differences between the subject mater sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains".

ON THE PROCESS CLAIMS ISSUE: Petitioners argued the legal proposition that a novel process for making a patentable final product is patentable under 35 U.S.C. Section 103 where such final product made by the process is conceded to be unobvious and the principal starting material used in the process is unknown.

The majority of the court held

> "Here we have process claims which define simply 'reacting' a particular chloroformate [starting

material B] with a particular amine [starting material A] to produce a particular carbamate [final product X]. That type of reaction is admittedly old. The appealed claims recite no unobvious or critical limitation which might serve to distinguish them from the prior art. The only distinction is that the particular chloroformates, [starting material B]- and consequently the resulting carbamates [final products X] are new. Mere novelty of one of the reactants, which is the only novelty alleged here, does not render an otherwise conventional chemical process patentable, since it does not impart anything to the process which is unobvious to one skilled in the art. It constitutes no more than an obvious application of an old process to new compounds." [Matter in brackets added.]

Judge Smith dissented. He said:

"The appealed process claims cover a process in which, at the time the invention was made, (1) the end product was *unknown*, and (2) one of the reactants in the process was *unknown*. The claimed process does require selection of two starting materials, (one of which was *unknown* in such a process at the time the invention was made), to make a product, (which also was *unknown* at the time the invention was made). The claimed process thus requires two *differences* over the prior art as shown by the Basic reference. These *differences* in my opinion are not obvious within the meaning of 35 U.S.C. 103."

ON THE STARTING MATERIAL PRODUCTS ISSUE: Claims 15-17 were rejected as being unpatentable over the reference to Beilstein which discloses a compound structurally differing from the claimed starting materials, but related thereto by having the same chemical moieties arranged in a different manner.

It is well established patent law and practice to permit an applicant for a patent to demonstrate conclusively the unobviousness and patentable inventiveness of his claimed chemical compound by showing it possesses unexpected, advantageous properties which the cited reference compound does not possess. *In re Papesch*, 50 C.C.P.A. , 315 F. 2d 381, 137 USPQ 43. This evidentiary comparative "—showing of unexpected properties", which is customarily presented in the form of affidavits, must be based on properties previously referred to in applicants' patent specification, else it cannot be accepted as the proper type of proof of unobviousness required to overcome the reference. *In re Stewart*, 42 C.C.P.A. 937, 222 F. 2d 747, 106 USPQ 115.

In the instant case petitioners presented a comparative affidavit which they contended demonstrates their claimed starting material possesses unexpected properties. The Court held petitioners' showing was improper in that they did not submit a showing of the "properties" of the particular compounds claimed. Petitioners argued they made the only type of showing the case law permits, i.e., they made the specific showing based on the sole utility alleged in the specification for the claimed compounds. *The utility alleged in the specification for these claimed compounds is as starting materials to make the final product compounds, which latter compounds are local anesthetics.* Thus petitioners actually did compare their claimed starting materials with the compounds of the Beilstein reference by showing the properties of the final products made from such starting materials differed from the corresponding final products made from the reference compounds, as to their local anesthetic activity.

The majority of the Court of Customs and Patent Appeals held the affidavits insufficient solely because they did not "relate" to the starting material compounds in issue. The dissent agreed with petitioners' arguments.

Petitioners also argued their position was supported by well-established prior case law, i.e., by *Parker* v. *Marzall* (D.C. D.C. 1950) 92 F. Supp. 736, 86 USPQ 446, a case decided before the present 1952 Patent Act by the "other" court also having appellate type jurisdiction over the Patent Office Board of Appeals. This case had heretofore been cited with approval on a number of occasions by the Court of Customs and Patent Appeals. The majority referred to its concurrent decision in *In re Druey;* 50 C.C.P.A. , 319 F. 2d 237, 138 USPQ 39, Appendix B, wherein it discussed the *Parker* v. *Marzall* case, but refused to apply it, notwithstanding the protests of the dissenting judge.

JURISDICTION

At the outset of this case is an important and unresolved question as to this Court's jurisdiction to review this or any patent case decided by the Court of Customs and Patent Appeals.

That the question of jurisdiction exists is evidenced by *Glidden Co.* v. *Zdanok*, 370 U.S. 530, 579, 8 L. ed. 2d 671, 704, 82 S. Ct. 1459, where the Court, in discussing the nature of Court of Customs and Patent Appeals proceedings, said in a footnote:

> "49. We intimate no opinion whether 28 USC Sec. 1256 was intended by Congress to make patent and trademark cases reviewable by certiorari in this court."

The Court will appreciate the patent bar is in a quandary as to whether the time, effort, and expense of filing petitions for certiorari such as this is warranted. The patent bar would like to know which court is its "Supreme Court".

The jurisdiction question arises as follows:

In a series of cases beginning with *Postum Cereal Co.* v. *California Fig Nut Co.*, 272 U. S. 693, this Court held that neither patent nor trademark decisions of the nature then determinable by the Court of Customs and Patent Appeals are reviewable in this Court. See also *Pacific Northwest Canning Co.* v. *Skookum Packers' Assn.*, 283 U.S. 858 (a trademark case); *McBride* v. *Teeple*, 311 U.S. 649 (a patent case). The following reasons were given: (1) since the Court of Customs and Patent Appeals decisions do not have a binding effect on the question of trademark or patent validity, they are not of such nature as to be reviewable by this Court under its Article III jurisdiction; (2) the Court of Customs and Patent Appeals proceedings are administrative in nature and are not "cases" or "controversies" within the meaning of Article III; and (3) the absence of any statutory authorization for review of such proceedings by this Court.

Petitioners submit all of the foregoing reasons have either disappeared or are inapplicable in this case and this Court possesses full power to review the decision below.

(1) In this case, the Court of Customs and Patent Appeals determined certain claims in the patent application should be denied and hence there will be no claims as to which the validity can be called into ques-

tion in another court at another time. Moreover, in *Hoover Co.* v. *Coe*, 325 U.S. 79, and in *Special Equipment Co.* v. *Coe*, 324 U.S. 370, this Court granted full review of District Court patent proceedings even though the District Court judgments had no more binding effect on the issue of validity than do judgments of the Court of Customs and Patent Appeals. These two subsequent decisions indicate an abandonment of the no-binding-judgment argument advanced in the *Postum* case. See Robertson and Kirkham, Jurisdiction of the Supreme Court of the United States (Wolfson and Kurland ed.) Section 251, pp. 442-448; Gilbert, The Constitutionality of Supreme Court Review of Patents and Trademark Decisions of the Court of Customs and Patent Appeals, 45 Geo. L.J. 645; 48 T.M.R. 8.

(2) The decisions of the Court of Customs and Patent Appeals can no longer be considered as administrative in nature. That tribunal in 1958 was accorded the status of "a court established under article III of the Constitution of the United States," 72 Stat. 848, 28 U.S.C. Section 211, and its judgments must be considered to be judicial pronouncements on cases and controversies. The parties before it act in a truly adversary capacity and the court interprets and applies the legislative standards prescribed by Congress in rendering its decisions.

Further, the judges of the Court of Customs and Patent Appeals are now treated the same as circuit judges and district judges under 28 U.S.C. 293, in that they may be temporarily assigned interchangeably.

(3) This Court now has full and unconditional statutory authority to review any and all decisions of the

Court of Customs and Patent Appeals. The 1948 recodification of the Judicial Code plainly states: "Cases in the Court of Customs and Patent Appeals may be reviewed by the Supreme Court by writ of certiorari." 28 U.S.C. Section 1256. This unambiguous provision indicates no legislative intent to confine review to any particular type of case or to exclude either patent or trademark cases. Also, Rule 19 of this Court's rules provides that the same general considerations governing review of decisions of the Courts of Appeals "will control in respect of petitions for writs of certiorari to review judgments of the Court of Claims, of the Court of Customs and Patent Appeals, or of any other court whose determinations are by law reviewable on writ of certiorari."

The foregoing factors combine to make evident the existence of jurisdiction in this Court to review the judgment below.

REASONS FOR GRANTING THE WRIT

1. The Question of the Jurisdiction of This Court to Review on a Writ of Certiorari a Decision of the Court of Customs and Patent Appeals in a Patent Case Is An Important Question Which Ought to be Decided Now

The answer to the jurisdiction question ought be announced by this Court so that applicants for a patent may know where they must look for their *final* interpretation of the patent laws. In recent years patent applicants have felt a bit like stepchildren who suspect, but are not sure, they are unloved and unwanted. This Court has refused to clarify their status to appear before it. Yet it is not a small group who are concerned. Over 70,000 patent applications are filed each year. In processing each patent application the question of

proper application of the standard of patentability is directly involved. This Court has said: "The standard of patentability is a constitutional standard;" *Great A. & P. Tea Co.* v. *Supermarket Equip. Corp.*, 340 U.S. 147, 155. Who is the final interpreter of this constitutional standard? If there be no possibility of review of patent decisions of the Court of Customs and Patent Appeals, then that court is, in effect, the actual "Supreme Court" in at least 70,000 instances per year, and all applicants and several thousand members of the patent bar must regard this Honorable Court as impotent to enunciate guide-line doctrines.

2. The Decision Below Has Improperly Decided an Important Question of Federal Law Which Has Not Been, But Should Be, Settled By This Court

The decision below decides a fundamental question of the application and interpretation of what is perhaps the most important single section of the patent statute, 35 U.S.C. Section 103, which states the "standard of invention" to be applied in determining patentability. This section of the patent statute has never been interpreted by this Court, as it was first introduced in the 1952 Patent Act and had no precursor in previous patent statutes. The rejection by the Patent Office of the process claims in the situation here involved represented a substantial change in the practice of the Patent Office where process claims were usually allowed almost as a matter of course when presented along with allowable product claims. The change in practice actually came slightly earlier, in the *In re Larsen*, 49 C.C.P.A. 711, 292 F. 2d 531, 130 USPQ 209 case relied on by the majority decision. The doctrine of that case has been extended somewhat in the instant

case to apply to situations where one of the starting materials used in the process is novel. The decision in this case will be applicable and controlling in numerous pending and future patent applications, since it is common, in patent applications claiming a novel chemical product, to include process claims. The decision below is a case of first impression. The decision below was by a divided Court. The decision below decides the interpretation of 35 U.S.C. Section 103 by default, since the majority of the Court refuses to be concerned with the question of what is in the prior art which can be considered in deciding what "would have been obvious *at the time the invention was made*" and inferentially gave the terms "time" and "prior art" a meaning inconsistent with the other requirements of that section.

In *Great A. & P. Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147, 155, Mr. Justice Douglas pointed out in his concurring opinion that "The standard of patentability is a constitutional standard." Failure of the decision below to consider correctly the language of the provision of the statute which deals with the standard of patentability, makes appropriate the exercise of this Court's certiorari jurisdiction.

3. The Decision Below Shows a Diversity of Interpretation in Two Different Circuits Which Should Be Resolved

An applicant for a patent dissatisfied with the decision of the Board of Appeals may appeal to the United States Court of Customs and Patent Appeals under 35 U.S.C. Section 141 *or* to the United States District Court for the District of Columbia under 35 U.S.C. Section 145. Thus there are two and only two

alternative routes available. It would seem appropriate that the applicable patent law be similarly applied by both courts involved. Yet the instant case presents a conflict.

The Court of Customs and Patent Appeals in refusing to apply the doctrine of *Parker* v. *Marzall* (D.C. D.C. 1950) 92 F. Supp. 736, 86 USPQ 446 in a situation where the dissenting judge said that case "seems to me to be very pertinent as applied to the present facts", has rendered a decision involving an important constitutional standard in a way in conflict with the other circuit.

While *Parker* v. *Marzall* was decided by the District Court rather than the Court of Appeals, since the District of Columbia circuit has but one District Court in it, this case is the authoritative precedent for all future cases involving a similar issue in such circuit.

4. The Decision Below Has Decided a Federal Question in a Way in Conflict With Applicable Decisions of This Court

The decision below decides the question of the patentability of a process to make a patentable product in a way which conflicts with this Court's view of the relationship between the various classes of statutory subject matter which was expressed in *James* v. *Campbell*, 104 U.S. 356, 376 as:

> "A patent for a process and a patent for an implement or a machine are very different things: Powder Company v. Powder Works, 98 U.S. 126. Where a new process produces a new substance, the invention of the process is the same as the invention of the substance. . . ."

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari to the Court of Customs and Patent Appeals should be granted.

Respectfully submitted,

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